

**State of Rhode Island and Providence Plantations
Public Utilities Commission**

Minutes of Open Meeting Held December 21, 2005

Attendees: Chairman Elia Germani, Commissioner Robert Holbrook, Commissioner Mary Bray, Steve Frias, Cindy Wilson-Frias, Thomas Massaro, Alan Nault and Douglas Hartley.

Chairman Germani called the open meeting to order at 2:00 P.M. in the first-floor hearing room of the Public Utilities Commission.

Minutes of Open Meetings held November 10, 2005 and November 30, 2005: Chairman Germani entertained a motion to approve the Minutes of Open Meeting held on November 10, 2005 and November 30, 2005. Commissioner Holbrook moved to approve the minutes. Commissioner Bray seconded the motion and the motion unanimously passed. Vote 3-0.

Competitive Telecommunications Service Providers:

The following companies filed an application for authority to provide telecommunications service. The Division has reviewed the applications and recommends approval of:

3713 – Comtel Telcom Assets LP

2262(H20) – Easton Telecom Services LLC

2262(G20) – Vanco Direct USA, LLC

After review, Chairman Germani asked for a motion and Commissioner Holbrook moved to approve the application. Commissioner Bray seconded the motion and unanimously passed. Vote 3-0.

The following companies submitted tariff revisions. The Division has reviewed the filings and does not recommend suspension of:

2618 – AT&T Communication of NE, Inc. (tariff filings 11/25, 12/7 & 12/8/05)

3686 – BellSouth Long Distance, Inc. (tariff filing 12/8/05)

3647 – XO Communications Services (tariff filing 11/30/05)

2878 – Choice One Communications (tariff filing 11/29/05)

2426 – TCG Rhode Island (tariff filing 11/25/05)

2262(Q7) – RRV Enterprises, Inc. (tariff filing 12/2/05)

2262(Q19) – Business Productivity Solutions, Inc. (tariff filing 12/9/05)

2262(M1) – Talk America, Inc. (tariff filing 12/9/05)

2262(P7) – MCI Communications Services (tariff filing 12/1/05)

2262(E2) – Teleconnect Long Distance Services (tariff filing 12/1/05)

2262(U10) – Optimum Global Communications, Inc. (tariff filing 11/30/05)

2262(P2) – NOSVA Limited Partnership (tariff filing 11/30/05)

2262(Q2) – Affinity Network Inc. (tariff filing 11/30/05)

2262(O2) – NOS Communications, Inc. (tariff filing 11/30/05)

2262(S7) – DDD Calling, Inc. (tariff filing 12/7/05)

2262(R11) – GTC Telecom (tariff filing 12/5/05)

After review, the Commission followed the Division's

recommendation that the tariff filings be allowed to go into effect without suspension.

The following companies intend to or have ceased operations and request that their authority to operate be rescinded:

3298 – Verizon Avenue Corp.

3528 – Metro Teleconnect Companies

2262(V5) – BellSouth Long Distance, Inc.

After review, Chairman Germani moved to rescind the authority of the above companies. Commissioner Holbrook seconded the motion and the motion unanimously passed. Vote 3-0.

Prudence Island Utilities Corp. (PIUC): In following up on the discussion of open meeting held on October 28, 2005, Ms. Wilson-Frias and Mr. Nault reported their review of the utility's financial reports regarding PIUC's financial situation. Mr. Nault evaluated that based on the information received, PIUC's does not appear to be in imminent financial harm and that it will be able to meet their financial obligations in the short term.

3699 – Kent County Water Authority (KCWA): The Commission reviewed KCWA's Motion to Pass Through Wholesale Rate Increase for effect 1/1/06. After review, Chairman Germani moved to approve KCWA's motion using the consumption figures recommended by the Division and approved in Docket 3660. The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 3-0. The

approved rates are \$3.623 per hcf for small customers, \$3.069 per hcf for medium customers and \$2.601 per hcf for large customers.

3569 – New England Gas (NEGas): The Commission reviewed NEGas' November 29, 2005 tariff filing to provide customers the option to pay their gas bills through a third party vendor and seeking approval of its proposed Optional Credit Card Payment provision. After review, Chairman Germani entertained a motion to approve the filing. Commissioner Holbrook moved to approve the tariff filing. The motion was seconded by Commissioner Bray and unanimously passed. Vote 3-0.

3709 - Pascoag Utility District: There was no discussion of this docket because the Commission issued a bench order at the December 19, 2005 hearing.

3363 – Verizon Rhode Island: Verizon submitted the quarterly update to the Unbundled TC Reciprocal Compensation Charge calculated to reflect the average rate minute paid to CLECs by Verizon over the previous three-month period, for effect 1/1/06. After review, Chairman Germani entertained a motion to approve the Verizon's Unbundled TC Reciprocal Compensation Charge as filed. Commissioner Holbrook moved to approve as filed. The motion was seconded by Commissioner Bray and unanimously passed. Vote 3-0.

3714 – Verizon Rhode Island: Verizon submitted a tariff filing to

introduce PRI Station Detail Billing and ISDN PRI Service Portability for effect 12/30/05. After review, Chairman Germani entertained a motion to approve Verizon's filing. Commissioner Bray moved to approve the filing. Commissioner Holbrook seconded the motion and unanimously passed. Vote 3-0.

3692 – Verizon Rhode Island: The Commission reviewed record regarding Verizon's proposed Alternative Form of Regulation (Plan). After review, Chairman Germani entertained a motion to approve Verizon's Plan with the following modifications:

- That Verizon will continue to be subject to the statutory authority of the Commission pursuant to Title 39 for the review and modification of its rates. The Division of Public Utilities can request the Commission to required Verizon to have more structured form of regulation if a material change in circumstance occurs.**
- That Verizon shall continue to follow the tariff process for making rate changes to its tarified services, that is providing 30 days notice for review by the Commission and Division.**
- That Verizon shall continue to file quarterly quality of service reports, semi-annual competitive profile reports and annual earnings reports. The Division shall continue to file the annual report on competition.**

- That the Plan shall be in effect for three years, but may stay in effect thereafter until the Commission takes any further action.**
- That Verizon continue the subsidy for Lifeline Services as follows:**
 - 1) that customers with features and packages will have their lifeline subsidy reduced from \$9 to \$7 per month over the next two years; 2) that customers with basic unlimited services only will have the current subsidy maintained until 6/30/06; and 3) that customers with measured service only will continue to have the subsidy so the they only pay \$1 per month.**
- That the Commission will open a docket to investigate the rules for eligible telecommunications providers to determine whether Cox Telcom LLC should be required to provide measured service at the same rate as Verizon.**

Commissioner Holbrook moved to approve the Chairman's motion. Commissioner Bray seconded the motion and unanimously passed. Vote 3-0.

3701 – Narragansett Electric Co. d/b/a National Grid: The Commission discussed National Grid's DSM programs. After review, Chairman Germani entertained a motion to approve the Company's 2006 DSM programs and associated budget, and to defer a decision on the incentive shareholder portion until early January. Commissioner Bray moved to approve the Chairman's motion. The

motion was seconded by Commissioner Holbrook and unanimously passed. Vote 3-0.

3605 – Narragansett Electric Co. d/b/a National Grid: The Commission reviewed National Grid's Last Resort Service (LRS) market assessment proposal filed on November 1, 2005. After review, Chairman Germani entertained the following motion:

- To approve National Grid's proposal to continue to procure LRS under the current Acquisition Plan for the period March 2006 thru October 2006 as filed.**
- To approve National Grid's proposed Contingency Plan as filed.**
- To find that under R.I.G.L. §39-3-12, if the Contingency Plan needs to be implemented, it would represent good cause for National Grid to file their retail rate at least 21 days prior to effective date.**

Commissioner Holbrook moved to approve the motion. The motion was seconded by Commissioner Bray and unanimously passed. Vote 3-0.

3710 – Narragansett Electric Co. d/b/a National Grid: The Commission reviewed National Grid's request for approval for dispensation of settlement funds and the various parties' positions on the allocations of the funds. After review, Chairman Germani entertained the

following motion:

- To allocated \$8.5 million of the settlement funds as a credit to the Distribution Charge to all ratepayers effective 1/1/06 over one year.**
- To allocate an additional \$2.0 million of the settlement funds (of the Company's proposed \$8.0 million) to Rate A-60 customers over one year, effective 1/1/06.**
- Allocation of the remaining \$6.0 million is to be held in abeyance for future action.**

Commissioner Bray seconded the Chairman's motion. Commissioner Holbrook supported that the entire \$16.5 million of settlement funds be allocated to all ratepayers. Commissioner Holbrook disagreed with the majority and dissented. Vote 2-1.

3706 – Narragansett Electric Co. d/b/a National Grid: The Commission reviewed the various positions submitted by National Grid's and the parties regarding the proposed Standard Offer Service Rate, Transition Charge and Transmission Adjustment Factor.

After review, Chairman Germani entertained a motion to approve a revised Transition Charge of .575¢ per kWh (this charge incorporates the \$8.5 million credit to was approved in Docket 3710) and a revised Transmission Adjustment Factor of .371¢ per kWh effective 1/1/06.

Commissioner Holbrook moved to approve the revised rates. Commissioner Bray seconded the motion and unanimously passed. Vote 3-0.

After review, Chairman Germani entertained a motion to approve a revised Standard Offer Service Rate of 10.0¢ per kWh effective 1/1/06. Commissioner Holbrook seconded the Chairman's motion. Commissioner Bray supported a lower Standard Offer Service Rate of 9.8¢ per kWh and dissented with the majority's decision. Vote 2-1.

Motion to Amend Open Meeting Agenda: It is moved that the open meeting agenda be amended for the purpose of discussing Docket 3573 relating to Interstate Navigation. Chairman Germani moved to amend the agenda. The motion was seconded by Commissioner Holbrook and unanimously passed. Vote 3-0.

3573– Interstate Navigation Co.: Ms. Wilson-Frias informed that on December 13, 2005, Interstate Navigation submitted a compliance filing seeking authorization to continue the volume and group discount ticket discount program. She noted that the objection deadline is December 23. She relayed that both the Division and the Town of North Shoreham have no objection to the continuation for the program. There being no objection filed the program will continue on January 1, 2006. The Commission will vote the matter at the next open meeting.

A transcript of the Commission's December 21, 2005 open meeting discussion relating to the above dockets is available at the office of the Commission Clerk.

The open meeting adjourned at 3:45 P.M.